Daily Report

Latin America

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Argentine, Brazilian Officials Hold 'Secret' Talks

PY3110163295 Buenos Aires LA NACION in Spanish 30 Oct 95 p 1

[Article by Ovidio Bellando]

[FBIS Translated Text] Following the initial step taken by the Fifth Ibero-American Summit, Argentina and Brazil will ask the UN General Assembly to vote on a resolution urging the United States to lift its embargo on Cuba.

This agreement was achieved by the two countries during a secret meeting between Argentine and Brazilian foreign ministers and other officials in a country house near Sao Paulo this weekend.

During the meeting, the participants agreed on co-sponsoring [copatrocinar] this petition for submission to a UN General Assembly vote within 10 days during the current UN sessions.

During the meeting, it was learned that Brazil already had established its stance, in writing, on a petition to lift the embargo on the Caribbean island, and that this petition would be reconciled with a petition that the Argentine Government would draw up this week.

If most UN General Assembly members vote for the petition, the exhortation or invitation that the United Nations would file with the United States would not have, as is the case with UN resolutions, a binding nature.

As announced by LA NACION yesterday, it must be borne in mind that there are pro-government sectors engaged in promoting the president as a mediator between the United States and Fidel Castro, as this could yield good political profits for Carlos Menem, especially now that the people have begun talking about a possible project involving Menem's reelection in 1999, a possibility that was rejected by government officials yesterday.

Security Issues

Even though preliminary talks had been held, Brasilia's and Buenos Aires' joint action was finalized during an informal meeting held between 28 October and the morning of 29 October among Argentine Foreign Minister Guido Di Tella, Brazilian Foreign Minister Luiz Lampreia, Argentine Defense Minister Oscar Camilion, and Brazilian Strategic Affairs Secretary Ronaldo Mota Sardenberg to reconcile security policies.

Reach Agreements on Cuba, MTCR

PY3110165695 Buenos Aires LA NACION in Spanish 30 Oct 95 p 6

[Article by Ovidio Bellando]

[FBIS Translated Text] The agreement signed a few hours ago by Argentine Foreign Minister Guido Di Tella and Brazilian Foreign Minister Luiz Lampreia to promote a UN resolution, asking the United States to lift its embargo on Cuba, basically responds to a political strategy.

If this proposal is approved by the United Nations, its impact would be comparable to that of the resolutions that the United Nations has been implementing on the Malvinas Islands conflict.

Concerning the Malvinas Islands conflict, representatives from various countries, including Brazil, Colombia, and Cuba, have been promoting, in New York, successive UN petitions for the United Kingdom and Argentina to conduct negotiations on the Malvinas Islands sovereignty. This might be called goodwill mediation.

Missile Control

Vice Foreign Minister Fernando Petrella; Juan Jose Uranga, the under secretary for Latin American policy; Ricardo Lagorio, defense policy under secretary; and Lieutenant General Mario Diaz, the joint chief of staff, among others, also participated in the meeting held in the country house of former Brazilian Foreign Minister Roberto Abreu Sodre last weekend.

In connection with the original goal of the meeting, Argentina and Brazil decided to establish a cooperation system on security issues to allow, among other things, common projects involving the Missile Technology Control Regime (called MTCR).

During the meeting, Argentina and Brazil also discussed the stance that the two nations would take during the OAS-sponsored intercontinental conference on security, scheduled for December in Santiago de Chile.

Correction to Brazilian, Argentine Stock Exchanges Drop

PY2710115495

The following correction pertains to the item headined "Stock Exchanges Drop Due to Adversities," published in the 27 October Latin America DAILY REPORT, page 2:

Column two, last paragraph, last sentence make read: ...Deputy Antonio Kandir's corporate income tax proposal... (changing "personal" to "corporate")

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Cuba

Castro Discusses Visit to UN, Various Issues

PA3110172495 Panama City Telemetro Television Network in Spanish 1212 GMT 30 Oct 95

[Interview with President Fidel Castro by Telenews correspondent Maria Elvira Salazar at the Cuban Mission building in New York; date not given — recorded]

[FBIS Translated Text] [Castro] First, please excuse me for being somewhat tired after a busy day. I am keeping my word, nevertheless, and carrying out this interview with much pleasure.

[Salazar] And we—excuse me for interrupting—are very grateful that you are speaking with U.S. Hispanic television for the first time. As I explained to you, this program reaches the 30 million Hispanics in the United States and Central and South America, Mexicans in Los Angeles, Puerto Ricans in New York, Salvadorans in San Francisco; it reaches them all. We really appreciate your interest in talking to us.

[Castro] I thank you for the opportunity and send greetings to everyone.

You were asking me about the importance of the trip. It was essential that I attend this meeting to commemorate the United Nations' 50th anniversary. We have received firm support, practically unanimous, in the United Nations against the blockade. It was my duty to attend and participate not only because of my high opinion regarding the institution and the need for it but also to point out certain things, certain facts that had to be said.

Such serious problems the world has today could not be cause for commemoration or euphoria, and the United Nations has a very important role to play; that is why I came. I had more than 200 invitations to meetings, interviews, [words indistinct] with which we have established relations, some of them new. [Words indistinct] the problem has been very great, very, very great, even though I was only given permission [words indistinct]. The request had been up to 27 October. Perhaps we would have had more time for your interview.

[Salazar] I understand you asked for a five-day extension.

[Castro] It started on 21 October, and 26 and 27 were on reserve.

[Salazar] That visa was denied?

[Castro] First, it was 25 January. Someone made a mistake. What will I do in New York all that time? They are going to have me as if I were in exile in New York [chuckles]. [Words indistinct] I am grateful, of course, but the program organizers arranged programs for me for 10 more days here, here where no one eats. There were meetings in homes, with journalists, publishing houses; all prepare marvelous meals.

[Salazar] And you could not eat.

[Castro] The meetings start with a speech, but I end up with a microphone at my side, and there is no time to taste a thing. I have, therefore, gone hungry in New York.

[Salazar] And what about your meeting with the businessmen?

[Castro] They decidedly oppose the blockade, not only for an economic interest. Cuba is not a large country; it is not China. I believe it is because of a matter of principle. They do not like to be excluded from the struggle, from competition. They have interests that can be met.

[Salazar] But this is an interest that has become evident only in the past two or three years because the investors' pressure was not as evident during the 37 years of revolution as it is now.

[Castro] The world has changed. Notice how many investments are being made in China, for example, and in Vietnam, everywhere. There is a growing and voracious competition among various countries and blocs of countries. Freedom to trade has become a very strong principle.

[Salazar] [Words indistinct]

[Castro] They like to compete as boxers and soccer players do, and nobody likes to be excluded. They truly feel offended.

[Salazar] Speaking a little about the Helms-Burton bill, which pertains to investments, if this bill becomes law, and although its teeth were not as sharp as originally planned, how could this undermine your government's strategy to rejoin the world economy?

[Castro] I can say for sure that there is an increasing number of countries interested in investing in Cuba, but we need to be realistic. The Helms-Burton bill will probably be approved. Elements of the Cuban extreme right have focused their efforts on this, and have focused their resources as well.

[Salazar] You talked about approval. One version was already approved at the Senate, and another version was approved at the House of Representatives.

[Castro] Yes, I believe something was removed.

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[Salazar] Yes, the teeth.

[Castro] I believe they should.... [pauses] Teeth? Nothing was removed.

[Salazar] Some teeth were left.

[Castro] [Words indistinct] making demands, the Cuban party that also came. Clinton himself has said this would increase the demand of between $6 billion-$8 billion to $100 billion. It would turn this into an absurdity, an impossibility.

[Salazar] It is not known what the final version will be, because, as you know, the two chambers, the Senate and the House of Representatives, have to sit down and determine the final version that will reach the President's desk. Regardless of the version, how could this undermine your plan to rejoin the world economy and attract investors?

[Castro] Whatever the final version turns out to be, it will never mean an end to the revolution. Difficulties will multiply, but we will multiply our efforts not to rejoin the world economy but first to survive and also to develop while preserving our country's sovereignty and independence and, above all, the achievements of socialism.

[Salazar] You are in civilian clothes talking about commerce and the economy. At the summit in Trinidad and Tobago, I personally heard you talk about tourism and ecology—you, the man who captured social imagination during the 1960's in the entire world, the revolutionary par excellence. Is this new role or new task of yours somewhat boring or technical? It is a little more romantic to talk about revolution.

[Castro] This is new, and there is always something attractive about new things. There is history behind all this. I have always felt very comfortable in my uniform.

I had nothing to do with fashion, neckties, or anything like that. I only had a modest, gala uniform, without decorations or medals. This all originated in Cartagena, at the Cartagena summit. They asked everyone to wear a guayabera shirt, and I found out I did not have one, and I have virtually decided to attend summit events wearing a suit, but I have noted some people are disappointed....

[Salazar, interrupting] Because you, pardon me....

[Castro, interrupting] A group of 40 businessmen recently visited Cuba, and I decided to have a nice gesture toward them and wear this suit. As I greeted them, they asked me about my uniform. They wanted me to wear a uniform....

[Salazar, interrupting] The uniform looks good on you.

[Castro] And more than one person has told me they prefer that I wear a uniform.

[Salazar] Regarding the Foreign Investment Law, does this recently promulgated law open the doors to foreign capital as never before in 37 years of revolution. I know that within the Communist Party of Cuba, there are people who like this idea, and there are people who do not like the idea and do not look upon this favorably. They do not favor the entry of foreign capital to the island. The challenge lying ahead for your government is to improve Cubans' standard of living. Don't you believe that that law somehow favors Mexican, Canadian, Spaniard investors, the powerful investors, much more than it favors a Cuban citizen who owns a home restaurant with only 12 chairs and who does not have the power of that Spaniard or Mexican?

[Castro] Twelve Chairs was the name of a movie.

[Salazar] What?

[Castro] It was the name of a movie shot a while ago. [laughs] We are beginning with 12 chairs, as the apostles who also numbered 12. I cannot state anything but that law....

[Salazar, interrupting] Don't you believe this law somehow favors foreign investors more than poor Cubans?

[Castro] No. We have been forced to persuade the people of the need to undertake this economic opening and implement this measure, just as the [words indistinct] which is the dollar. We have taken a number of steps aimed at—as we have explained to them—[pauses] and this includes self-employment, where 200,000 people have already registered, although it existed before but, rather, on a reduced scale.

Participation has now become more widespread. We have explained these measures were necessary for the country to defend the accomplishments of socialism, and we are not saying these measures were needed to build socialism, but the objective today is to defend the accomplishments, defend the sovereignty, and defend the independence of the country.

I have done a lot of talking to persuade people of the convenience of these moves, but we believe this special period had to produce, inevitably, some wear and tear.

[Salazar] Going back to the gist of what you are telling me, do you think there have been inequalities?

[Castro] There are inequalities. They are created with these measures, which are associated with the market economy measures we have introduced.

[Salazar] Another issue that sparks discussion in the Cuban society is the hiring of labor. You have heard

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it many times. You know very well the state receives dollars from the foreign company while the Cuban worker gets pesos. This disturbs Cuban employees somehow. Don't you think this may result in the exploitation of Cuban labor by foreign investors?

[Castro] No, this is not true. Our peso was very devalued. We have been able to appreciate the peso sevenfold thanks to the measures adopted. Fifteen months ago, 150 pesos were paid for $1. Today....

[Salazar, interrupting] Today 10 pesos are paid for every dollar.

[Castro] No, more than that.

[Salazar] Fifteen, 25 pesos.

[Castro] Twenty-five pesos are paid for every dollar. Correct, you know much. This is a great success. as has been the withdrawal of 25 percent of circulating currency with this measure I told you we discussed with the people.

We have been able to reduce the fiscal deficit from 33 percent of the GNP to 7.4 percent. These measures we have adopted have been greatly successful. They have gradually improved.... [pauses] People are more interested in working. People have more need to earn money, and in reality we do not have foreign currency now. We have many services that are offered free of charge: education, health, social security. We do not have foreign currency to increase the value of our currency to that of others.

Some day, and as a result of the evolution of our economy, we, perhaps, could do the same thing that was done in China. We now have the convertible peso, and we hope to equalize the value of the peso and the dollar with these measure, but it would be impossible today, from the economic standpoint, to have foreign companies pay the country in pesos; in other words, foreign companies pay the country in dollars....

[Salazar, interrupting] For the work of Cubans they hire.

[Castro] But they only pay a segment of Cubans; otherwise, we would establish a tremendous difference between 96 or 97 percent of Cubans who earn pesos and the 3 percent who earn dollars.

[Salazar] That 3 percent earns dollars while the rest....

[Castro, interrupting] No, they do not earn dollars.

[Salazar] Excuse me?

[Castro] Their salaries are paid in dollars.

[Salazar] Do they know the foreign company for which they work is paying their salaries in dollars to the Cuban state?

[Castro] They know they are working for the country, because these are mixed enterprises. We still do not have an enterprise exclusively created with foreign capital, but, even if we had one, part of our work is persuasion, an appeal to the workers' spirit so that they understand the country cannot accept another formula except this one.

[Salazar] I once....

[Castro, interrupting] The country needs the foreign currency.

[Salazar] I understand.

[Castro] We must buy food, medicine, and all that.

[Salazar] I will make an observation. Couldn't it be possible for the worker who knows dollars are being paid for him to receive those dollars and pay a tax to the state—30, 40, 50 percent tax—on those dollars?

[Castro] That is a....

[Salazar, interrupting] Let him take the dollars.

[Castro] You are proposing a formula. Perhaps we will take it into consideration, analyze it one day, but for the time being....[pauses] Really, there was such a difference between pesos and dollars that this was impossible. I believe our efforts should be aimed at struggling to balance them and to pay with the same currency at a given moment.

[Salazar] In your interview with CNN on 22 October you told the interviewer there was no room in Cuban society for other political parties right now except the Communist Party of Cuba, the only party that exists. I ask you: Not even for Cuban Change? You recently met with Menoyo for a few hours. He is a respectful opponent of the revolution. He has publicly said he wants a peaceful transition on the island. Could Cuban Change eventually open offices in Cuba?

[Castro] That is a topic Menoyo has proposed. The topic has been discussed. It is not a topic on which an agreement has been reached. What I actually said is that, for the time being, our current generation of Cuban leaders, politicians, and the people do not want a multiparty system.

I also explained there is no party system in Cuba, that the party does not appoint or elect candidates, and that our entire electoral system begins with the people, the rank and file. Power would be lost if a majority of the population did not oppose this, if the adversaries of the revolution had the majority.

More than 95 percent of the people vote in Cuba. The people know how to read and write, understand very

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well how the system works and what it does, and have not proposed that it be changed. There may be certain minorities, really small ones, who oppose this, but that is not what the people think.

[Salazar] You said before a group of Puerto Ricans on 23 October—and I must mention that Puerto Ricans are a large part of the audience watching this program—the Cuban Revolution has been extremely benevolent. You said that no one has been tortured, that there are no prisoners, and that there have been no violations of human rights. You have Americas Watch, France Liberte, who are friends of Cuba, who have said in their reports, however, there are human rights violations and some sort of repression.

[Castro] Yes, but none of them has been able to say that people have been tortured, that there are people missing or murdered, or death squads. They already.... [pauses] You see, this is a broad concept that is becoming broader each day to include new factors. Nevertheless, the traditional problems concerning human rights were based on respect for the individual's physical safety.

Today, whether a person should be in the same jail as another prisoner is questioned, as well as whether he is a political prisoner. We call them counterrevolutionary prisoners. Anyway, we have no objections against others using the term political prisoners; in other words, they are people who are fighting against the state, against the social system. These types of prisoners exist all over the world. In the United States, for example, there are a number of Puerto Ricans in jail. There are many people in jail who have faced terrible social needs that have forced them to commit crimes. There are also prisoners in Mexico, Venezuela, Colombia, Spain, Italy, Germany, the Red Brigades, everywhere. The only prisoners that are mentioned, however, are the ones in Cuba, a country that has had to defend itself for 30 years from the most powerful nation in the world and in history.

[Salazar] They not only mention Cuba; they also mention Saudi Arabia, Kuwait, Peru, and a number of....

[Castro, interrupting] Yes, but those countries are not facing a blockade.

[Salazar] In that case, how could we reconcile your words?

[Castro] In what sense?

[Salazar] How could we reconcile your words in the sense that the Cuban Revolution has been benevolent?

[Castro] Yes, yes, yes....

[Salazar, interrupting] that there have been no violations of human rights with reports saying otherwise. How could we reconcile those two positions?

[Castro] About what human rights are they talking? They cannot talk about tortures; they cannot talk about crimes, abuses, or violations of the individual's physical safety. The concept has been broadened and continues to be broadened each day. One of the aspects being questioned is whether prisoners convicted for certain types of actions known as common crimes should be separated from those who committed actions against the state. I remember these and other requests. I have received and talked to [word indistinct] Watch.

[Salazar] France Liberte.

[Castro] Yes, but France Liberte [words indistinct] we discussed this topic with Madame Mitterrand. They asked us to receive [word indistinct] then the people of Americas Watch. The Americas Watch representatives really exerted pressure, as much as they could, to influence the report. We disagreed with the report, and we discussed it with them. I do not know whether they have made this known. There are other institutions that are traditional enemies of Cuba. I understand that in other places they are concerned about these problems in still other places, but there has been no propaganda against any country in the world as against Cuba. That is an undeniable truth.

[Salazar] Now that you mention the minorities, who are the dissidents? Who are the dissidents within the minority you mentioned? Why is it that those dissidents cannot....

[Castro, interrupting] [Words indistinct]

[Salazar] Excuse me, please tell me, excuse me, who are the dissidents?

[Castro] People who support the blockade as a general rule.

[Salazar] Correct.

[Castro] People who support hostile U.S. policy toward Cuba, who defend the policies of the United States, which is our adversary, and which would like to destroy the revolution. Those are the dissidents, in general terms. There can be a few exceptions; some of them might not favor the blockade, and some earn a living as dissidents. Dissidence is a profession. They receive aid from the United States—money, funds, political support [words indistinct] they are enemies of Cuba.

[Salazar] By separating those who do not support the U.S. embargo within the dissidents, could they have

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broader political opportunities? In other words, people who disagree with....

[Castro, interrupting] What do you mean by political opportunities?

[Salazar] In the sense that they could have more political activities, that they could....

[Castro, interrupting] They have very broad opportunities.

[Salazar] Can you explain?

[Castro] There are 20,000 telephone calls between the United States and Cuba every day, 1,000 hours of radio transmissions per week from the United States to Cuba, television broadcasts; therefore, no dissidents or opposition in the world have more means of conveying their ideas and expressing their views as they have, through the resources they have in the United States.

[Salazar] You said with the United States, but I mean within the island.

[Castro] In Cuba, within the island....

[Salazar] Do people have access to Radio Rebelde? Do they have access to [words indistinct].

[Castro] No, they have no access; they have no access. I will be frank with you. They have no access, and they will have none, because we are not going to give any opportunities to those who want to destroy the revolution.

[Salazar] You met the press yesterday. Mike Wallace, a very famous U.S. journalist, reminded you of an interview you granted in 1959 on your first trip to New York. You told him then that the Cuban Revolution aimed for participative democracy and multiparty elections. This is what you said 37 years ago. What happened, commander?

[Castro] This is true; that was our plan; that was what we wanted to do back then. However, a sort of life-and-death struggle developed between the United States and Cuba shortly thereafter. The Revolution was radicalized. We declared the Revolution socialist in nature the very day we were burying those who died during the underhanded attack by aircraft bearing Cuban emblems coming from Central America and the United States. We made no secret of the projects we planned to undertake. When the process became radicalized and the rules changed, the situation turned into a life-and-death struggle in which the framework that was in place did not help Cuba defend itself and survive. Thus, there was no longer any room for a representative democracy. Radicalization led us to Marxism-Leninism, other forms of state organization, and other forms of organization of popular government. This is, in a nutshell, what happened back then.

[Salazar] Your answer helps explain the current debate. Did you decide to set up a Marxist-Leninist regime in Cuba back then, in the Sierra? Or did you...

[Castro, interrupting] No. I was a socialist. There were a few of us. I supported Marxism-Leninism. It was scientific and explained society and the world's problems. I believed in a utopian communism, based on goodwill and generosity. My contacts with Marxist-Leninist works later led me in that direction, but I did not think of it as the proper system to be implemented in Cuba at the time. I dreamed about putting socialism to the test one day, but the ideas that guided our fight were not socialist. That was not part of my plan. History will absolve me. These ideas are very clear and progressive. The fight being waged against us is not based on our socialist ideas but on agrarian reform. Agrarian reform prompted an invasion like the one in Guatemala that ended with 100,000 people disappearing. You can imagine how many casualties this plan would have left in Cuba, where there were hundreds of thousands of armed people. The counterrevolution in Giron was victorious. Thanks to the combative and firm spirit of our people, we have been able to fight back through all these years and will continue to fight back. We do not want a fascist regime. A hostile and aggressive anti-Cuban policy has inspired all of the Revolution's enemies, allies of the United States. This is the greatest truth, and it remains true today. What will future generations do? That will be their business and not ours.

[Salazar] Commander, will Cuba be able to implement the initial plan that you described to Wallace — a representative democracy, political parties, and regular elections every four or six years — in the future?

[Castro] [Words indistinct] it has not solved any problems. A total of 4.5 billion people in the Third World live in abject poverty. Capitalism has not been able to solve this problem. Parties are increasingly falling in disrepute everywhere. Even independent candidates are being elected. In those countries — which I do not even care to mention — people believe less and less in parties, those parties that you staunchly defend. Why turn back?

[Salazar] I understand you, but...

[Castro, interrupting] Why should we break our country into many pieces? Why cripple it?

[Salazar] All of the reporters you have met have mentioned...

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[Castro, interrupting] Such a prominent person. He has been accused of embezzlement and other things [words indistinct] for humanitarian reasons. He was very ill and delicate [words indistinct]. They mentioned everyone.

[Salazar] The U.S. State Department reports that there are 70 other fugitives in Cuba. These outlaws have been accused of terrorism, drug trafficking, and so on. Doesn't this bother you?

[Castro] [Words indistinct] I have not heard this figure of 70 fugitives and people implicated in drug trafficking. I do not know. I do know that someone stole a vessel in Cuba: He was a German citizen, and we returned the vessel to the United States. If they are U.S. nationals, there would not be reciprocity because there are thousands of people who stole and committed all sorts of heinous crimes and the United States has never returned anyone. There is no treaty.

[Salazar] Assuming that this was the case, wouldn't it bother you that Cuba...

[Castro, interrupting] Seventy is not that many. There must be millions of them. Doesn't it bother you that they are accusing us...[pauses to laugh] when they do not know anything about our situation?

[Salazar] Commander, you would not be concerned if the State Department's claim that these fugitives are in Cuba turned out to be true? Would you not be concerned that this could tarnish the island's image abroad?

[Castro] The figure is inaccurate. They mislabel individuals. There may be political refugees of one type or another in Cuba, people who arrived there. There could be refugees in Cuba from other countries, persons who were persecuted in other countries, revolutionaries of other countries. Why label them fugitives, drug traffickers...?

[Salazar, interrupting] [Words indistinct] drug traffickers.

[Castro] There are no drug traffickers there. They accuse Vesco of having been [word indistinct]. Vesco was arrested for violating Cuban — not U.S. — law. No one can get away with impunity in Cuba. We do not have that type of person. They maintain the lists that they like to maintain. The State Department takes the liberty of publishing all the names that it pleases in Colombia, Venezuela, and everywhere. They judge the world. They mentioned 70 in Cuba. This surprised me, because our country does not welcome criminals. It could have welcomed revolutionaries who were involved in armed struggles or something like that, but not criminals. They are as much exiles as the exiles that could be here for having been involved in armed struggles, because during the Giron affair alone we returned 1,300 persons who had invaded the country in the service of a foreign power. This crime carries a severe penalty. That is the case of those who are here, although some of them have changed. What could we say about the Batista war criminals who came here after killing 20,000 Cubans and stealing millions of pesos? Why is there no talk of this? They claim we have 70 of those.

[Salazar] If you learned that terrorists were taking refuge on the island, accused of drug trafficking...

[Castro, interrupting] They are the real terrorists. Who is a terrorist? The one who detonated the bomb in Oklahoma. We would have no legal obligation: There is no extradition treaty. Take a look at the list of hijackers who have been sentenced to lengthy jail terms in Cuba. You will see that our actions have been in line with ethical and moral guidelines.

[Salazar] What do you fear most, commander?

[Castro] Dishonor.

[Salazar] What do you mean?

[Castro] Betrayal of my principles; the forsaking of my ideas. This would be something to which I could never resign myself. The sale of our country, acceptance of changes in exchange for political concessions related to the Revolution, to our country's independence and sovereignty. This is really what I fear most in my life. Nothing else.

[Salazar] Could foreign capital undermine what you just told me in one way or another?

[Castro] Yes, we must resign ourselves to that fact. These are the vices that go along with capitalism and the so-called market economy. This is why we are socialists.

[Salazar] You will have to open the doors to this invasion, so to speak.

[Castro] It would not be an invasion if we opened our doors.

[Salazar] I was speaking figuratively.

[Castro] [Words indistinct] are not protected by the United States. The United States does not want anyone to invest one penny; thus, it could be said that no one is doing a better job of protecting Cuban socialism than the United States. It does not want investments in Cuba.

[Salazar] This could change. Several people within the Clinton administration believe that if the President is reelected, this could change several months after the administration takes office.

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[Castro] Clinton said that he would reinforce the blockade. He never said what you are implying.

[Salazar] It could be that he is saying that now, with the chance for reelection in mind. The outlook could prove different once this period ends.

[Castro] [Word indistinct] only change that there can be is that all Presidents, during their first four years, are thinking about the next election.

[Salazar] All politicians do.

[Castro] [Words indistinct] but it happens that we have been waiting every four years. When the second (?year) comes, they are not elected...

[Salazar, interrupting] Reagan was the only one reelected twice, but...

[Castro, interrupting] Those who are elected are determined not to end the so-called embargo against Cuba. We hope that [words indistinct].

[Salazar] Who is your worst enemy?

[Castro] My worst enemy? I do not have a worst enemy. All enemies can be defeated.

[Salazar] What are the fruits of this visit? Why has it been important to come to New York? What are the results of your visit? Would you have liked to have stayed a couple more days? What would you have done in those days?

[Castro] I am happy to return to Cuba. Perhaps, had I stayed a couple more days, I would have been able to accept some invitations and attend some meetings. Nevertheless, I am satisfied. I think this has been enough.

[Salazar] What do you regret you were not able to do? Is there something you would have liked to have done that you did not do?

[Castro] To go out and eat at a restaurant, because I have gone hungry in New York. I have been invited to so many dinners where I have not been able to eat.

[Salazar] Thank you very much, commander, for talking to Hispanic television for the first time. We are truly...

[Castro, interrupting] Thank you very much for giving me this opportunity. I have been very pleased to do this, in spite of the time constraints. But I can still leave at the time I must leave, namely 2400 in New York or 0100 Cuban time. It was said the visa would last until 25 October, but no specific time was established.

Haiti

Parliament May Approve Minister-Designate by End of Week

PA0111015195 Port-au-Prince Signal FM Radio in Creole 1230 GMT 31 Oct 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The Haitian Parliament may approve the choice of the prime minister-designate, Claudette Werleigh, by the end of this week, according to Senate President Edgard Leblanc. According to the assembly president, the prime minister-designate on 30 October presented to the Haitian Parliament all the papers missing from her file. The senatorial commission looking into the file of Claudette Werleigh received the rest of her documents yesterday; thus, the senators may receive the prime minister-designate for approval at the end of the week.

Senate President Edgard Leblanc says he hopes Haiti will have a new government between now and the beginning of next week. Haitian prime minister-designate Claudette Werleigh can count on the Haitian Parliament's vote, the vote of the lower chamber.

As I said just a moment ago, Werleigh submitted her papers, the papers that were missing from her file, to the members of the commission in the lower chamber that is studying these papers.

Deputy (Harry Marsan), president of the lower chamber commission, has said the prime minister-designate turned in the missing documents yesterday morning in the lower chamber, where she went to give two documents which commission members had required from her and which she did not have: title deeds and quietus they had asked Werleigh to submit to Parliament, given that she worked under the former government of Ertha Pascal Trouillot.

Deputy (Harry Marsan) has said the commission over which he is presiding will have to submit these papers to the office of the lower chamber today so it can approve the ratification of Claudette Werleigh as new Haitian prime minister. [passage omitted]

Demonstrators Favor Werleigh as Future Prime Minister

PA0111003695 Port-au-Prince Signal FM Radio in Creole 1230 GMT 31 Oct 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] A demonstration of support was staged on 30 October in front of the National Palace

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in favor of Claudette Werleigh as the country's future prime minister.

About five people's organizations called for a demonstration. Several dozen people who answered the call of these people's organizations demonstrated in front of the National Palace yesterday to support President Jean-Bertrand Aristide's choice of Claudette Werleigh to become the country's prime minister. The demonstrators, who were asking the Haitian Parliament to approve this choice for prime minister, took the opportunity to ask Werleigh to work toward making the cost of living in Haiti drop. [passage omitted]

Secretary General of Provisional Electoral Council Resigns

PA0111003795 Port-au-Prince Radio Metropole in French 1145 GMT 31 Oct 95

[From "The Morning Newscast"]

[FBIS Translated Text] Regarding the presidential elections, Marie-Laurence Jocelyn Lassegue has resigned. The Senate of the Republic on 30 October officially received Lassegue's letter of resignation from her post as Provisional Electoral Council [CEP] secretary general. The senators should debate this matter on 31 October during a plenary session.

In a letter to the Haitian Parliament, in which she represented the CEP, Lassegue, citing personal reasons, told the Senate president to replace her. Asked about the possibility of designating a replacement of the resigning secretary general during the same session, the Senate president refused to comment, saying the assembly of senators has not been officially informed of the matter. The president of the Senate of the Republic said: I just received the letter and will not give my opinion about it before informing the members of the Senate.

In a statement made on Radio Metropole this past weekend, CEP President Pierre Michel Sajous said the electoral timetable might be announced soon. He said the CEP would have to make an announcement to the Haitian nation.

Aristide Urges Leaders To Participate in Election

PA3110230595 Port-au-Prince Radio Metropole in French 1145 GMT 31 Oct 95

[From "The Morning Newscast"]

[FBIS Translated Text] We will begin this newscast with information about the presidential election. The Provisional Electoral Council should publish an electoral timetable soon.

Meanwhile, President Aristide has said that he would like all political leaders to participate in the forthcoming presidential election and that he is going to work to encourage this participation. President Aristide would like the new government team to keep working and continue what has already been done. President Jean-Bertrand Aristide made this statement after receiving the credentials of Monsignor Christophe Pierre, the new apostolic nuncio in Haiti, at the National Palace on 30 October.

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President Speaks at Ceremony for Economic Alliance

PA3110230795 Mexico City LA JORNADA in Spanish 30 Oct 95 p 55

['Stenographic version' of speech by President Ernesto Zedillo at the signing ceremony of the Alliance for Economic Recovery in the Adolfo Lopez Mateos Room of the Los Pinos Presidential Residence on 29 October]

[FBIS Translated Text] Dear leaders of the country's labor, peasant, and business organizations:

Ladies and gentlemen:

Throughout this year, the Mexican people have made a great effort. It is true that the crisis has meant the loss of jobs, the closing of businesses and a deterioration of our standard of living; but had we all not worked on the task at hand, the unemployment level would have been higher, inflation would be running out of control, and we would currently be facing many additional years of sacrifice.

Today we can affirm that our work has been worthwhile. We can say that, because we have worked, the most serious consequences of the crisis have lasted months instead of years. Today we can state that our economy is showing conditions greatly different from those at the beginning of the year, thanks to the force and character of the Mexicans and because all sectors contributed their share.

These achievements stem from the effort and solidarity by workers, peasants, employees, and businessmen.

Thanks to the work we accomplished this year, we can propose more encouraging goals for 1996 beyond simply controlling the crisis. These goals are not only necessary but entirely possible. I am sure that by next year we will achieve an honest and solid economic recovery, while inflation will fall and the country's financial situation will improve. That recovery will become noticeable on the streets, homes, countryside, industries, and businesses.

We have now set solid foundations to begin our economy's recovery. I insist that aiming for recovery today is not simple wishful thinking; we have all worked to make it possible now.

Besides good foundations, a good economic program, and sound decisions, we need courage, confidence, and willingness to put the country's productive plant to work.

Like any other human activity, the economy also depends on the individual and collective courage to move ahead. It depends on people's eagerness to progress, it depends on confidence; confidence that is nourished by accomplished and shared efforts; confidence in our enormous capacity to transform adversities into great opportunities.

Confidence cannot be generated by a few individuals, it has to come from our collective willingness. That confidence will provide us with a common purpose and the decision to boost our economy.

By signing the Alliance for Economic Recovery today, the productive sectors take a definite step toward building the needed confidence to resume growth in job opportunities. The Alliance confirms that Mexicans know how to pull together for the national interest.

Today, a key national interest concern involves the reactivation of the economy in a healthy way. That is the reason for our joining this Alliance: We all pledge to work on extending, multiplying, and strengthening the Alliance for Economic Recovery.

Today, we are taking the first major step, of many to come, to make this Alliance encompass all the regions and communities and include all the productive sectors and all the people.

I am sure that the leaders of the labor, worker, and business organizations will know how to appeal to their members to participate and pool their efforts.

The federal government will be the first to do its share. In addition to fulfilling its commitments on a timely and strict manner, the government will attempt to include the other levels of government.

I will ask the state governors today to include their efforts and capacity to appeal to their supporters to strengthen our Alliance. The federal government will, likewise, respectfully ask the National Congress to consider and, otherwise, approve those measures contained in the Alliance that, by constitutional mandate, should be debated.

With this Alliance, there will be fiscal incentives for the creation of jobs without raising taxes. With this alliance, the gradual improvement of salaries will be encouraged. With this Alliance, we will reduce inflation because everybody — starting with the government — will monitor price swings.

With this Alliance, the conditions will be generated to reduce interest rates and strengthen our currency's exchange rate.

With this Alliance, we will be able to allocate more resources for social spending and works of infrastructure without compromising the discipline in public finances.

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It is an Alliance to create and multiply opportunities for workers.

It is an Alliance to encourage the Mexican countryside. It is an alliance to open new perspectives for many businessmen, who do believe in Mexico.

With patriotism, unity, and confidence in ourselves, the workers, peasants, businessmen, and the government today join efforts to sign the Alliance for Economic Recovery.

It is a good Alliance for all of us, a good Alliance for Mexico.

Thank you very much.

'Text' of Alliance for Economic Recovery

PA0111041195 Mexico City REFORMA in Spanish 30 Oct 95 pp 6B-7B

["Text" of the Alliance for Economic Recovery agreed upon between the labor, peasant, and business sectors, the federal government, and the Bank of Mexico]

[FBIS Translated Text]

Background and Considerations

1. The labor, peasant, and business sectors, together with the federal government and the Bank of Mexico [Banxico], after having carefully assessed the evolution of the economy during the past months, the effectiveness of the adjustment program, and the prospects for 1996, believe it is propitious and convenient to constitute an alliance to stimulate the economy and employment, as well as to consolidate the foundations for sustained economic growth.

2. Beginning with a meticulous examination undertaken by all parties, it has been possible to conclude that the measures adopted to adjust the country's economic disequilibrium have resulted in significant results, among which the following stand out:

a) The balance of payment's current account is in a state of virtual equilibrium as result of the strong activity recorded in the export sector. Banxico's international reserves have increased by more than $10 billion from an all-time low recorded during the month of January, and at the same time approximately $27 billion in Tesobonos have been repayed.

b) One of the most severe effects of the crisis, which is the problem originating from overdue debts with the banking system, is being looked after by means of Immediate Support Agreements for Bank Debtors, among other instruments. The federal government has provided support to the banking system so that, starting from a position of sound financial stability, it will be in a position to provide safety to account holders and offer debtor households and corporations an array of options that will allow them to meet their obligations.

c) Despite the previously mentioned progress, households and corporations continue to confront the severe repercussions of the crisis. Serious problems as relates to unemployment, loss in real wages, and the stability of corporations persist. A joint effort by society is required in order to control the inflation rate and, in this manner, protect the purchasing power of wages.

To this end, the productive sectors, the federal government, and Banxico have agreed to design a strategy which, based on real economic expectations for 1996, will translate efforts by society and the government into an improvement in employment and the population's standard of living. The parties signing this alliance coincide in that the sacrifices and burdens that have been taken on as result of the crisis were inevitable so that the economy could immediately embark on a new path of growth.

Outlook for 1996

All parties signing this alliance agree in that the sources for the reactivation of the economy and employment will be the following:

a) During the coming years, private investments, which in 1995 remained extremely depressed, will have to receive significant incentives in order to reclaim their role as focal point of sustained growth and promoter of employment. A revival in investment will have to be based on the following elements:

- Fiscal incentives which, in compliance to this alliance, will be granted by the federal government.

- Measures to encourage long-term domestic savings, which will be a constant source of financing.

- Exploring structural reforms that will open new investment opportunities and eliminate administrative obstacles.

- Better coordination of efforts between the federal government and the business sectors in designing investment policies.

- A new framework of assistance to the agriculture sector.

b) During 1995 the export sector was the only one to record fast growth, in terms of productivity as well as employment levels. For 1996, and taking advantage of this sector's level of competitivity and access to international markets, from which Mexico has been able to benefit by reason of the country's various commercial

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agreements in effect, it is expected that the sector will consolidate its position as a fundamental source of growth of the Mexican economy.

c) In real terms, public investment will grow and will be redirected in such a way as to be put into practice, in greater measure, during the first six months of 1996.

d) Private demand will reverse the contracting trend recorded during 1995 beginning with a gradual improvement in employment and a decline in the burden of household expenditure.

In numerous agreements, the labor, peasant, and business sectors, the federal government, and Banxico have recognized the importance of decisions aimed at increasing productivity as a mechanism to face an ever more competitive environment, promote permanent jobs, and raise workers' wages.

By reason of what has been stated, and by virtue of the diversity of factors that contribute to improve productivity, all parties believe in the need to develop suitable mechanisms that will give permanence and substance to all joint efforts aimed at sustained growth of productivity and competitiveness.

Based on the joint efforts of this Alliance, the economy is expected to grow at least 3 percent, with an inflation rate of approximately 20 percent.

For all these reasons, the federal government and Banxico, exercising their respective prerogatives, have adopted the following measures:

Resolutions

1. Public Finances

The executive branch will submit to the Union Congress a proposal for the Law of Income and Expenses Budget of the Federation for 1996 which, in keeping with the previously mentioned goals regarding the inflation and growth rate, will result in balanced government finances.

a) Tax Measures

The tax policy aims to fulfill two basic objectives: To create jobs and improve the plight of companies, which will be achieved through economic recovery. To achieve these objectives, the following measures regarding tax incentives and the streamlining of the tax administration will be implemented to provide taxpayers with greater legal security.

- The tax stimulus for reactivating the economy will come mainly from a significant lowering of the tax burden on companies. In addition, the creation of jobs will benefit from lower taxes, as well as tax incentives for hiring new workers. To achieve this, the executive branch will issue a decree effective from 1 November 1996 to 31 December 1996, which includes the following tax incentives:

1. In 1996, tax payments on assets of companies which in 1995 obtained an accumulated income of up to 7 million new pesos will be exempted.

2. Companies whose investment exceeds investments made during the first 10 months of 1995 can deduct 100 percent of the annual difference between the two.

3. Companies whose average employment rate exceeds the average level registered during the first 10 months of 1995 will receive a tax credit for the new jobs, which they can apply to their income tax payments and to payments on assets in 1996. The credit will equal 20 percent of a minimum yearly salary for each additional job.

4. As in 1995, partial income tax exemption will be give to workers for income derived from preferential-rate loans.

5. Tax incentives will be proposed to stimulate the creation of jobs in the automobile industry and in those sectors providing components and services needed for automobile production.

Likewise, among the outstanding legal changes to encourage economic recovery and create new jobs to be proposed to the Union Congress are the following:

— An increase in the amount which can be deducted by companies that can choose the immediate deduction of their investments, at the same time increasing the number of companies which may benefit from this option.

— Establishment of an optional system to facilitate income tax payment by physical persons that sell assets or lend public service, as long as their income does not exceeds 77 minimum yearly salaries. This system will consist simply of paying a predetermined percentage of their gross income.

In addition, to generate more jobs the federal government will convey to the governors of the federation the desire of the different sectors — which is shared by the government — to eliminate the taxes which inhibit the hiring of new workers.

A number of different legal changes will be proposed and administrative procedures adapted to move ahead in the simplification of the tax system and to improve the legal security system in the interest of the taxpayers.

— A legal reduction of the maximum deadlines established by the federal government for returning tax re-

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bates, penalizing the failure to reimburse taxpayers by applying interest on the current amounts.

— Allowing companies which declare their financial position to compensate their income tax with other taxes, additionally, to reduce the provisional payments automatically beginning in the half of year after its implementation.

— In the case of partial payments of tax debts, an increase of the maximum deadline from 36 to 48 months, and to eliminate the escalation of surcharges offering more flexible schemes to guarantee fiscal interests.

— Establishment of a decentralized and autonomous organization to improve the tax-gathering activities of the federal government and the quality of service to taxpayers.

— Strengthening of the federation's tax tribunal so that it may better serve as an organization for the defense of taxpayers.

From now on, fiscal authorities will continue to work with representatives of the sector to revise the tax policy to conform with a system which, respecting the principle of healthy government finances, will include permanent incentives and effective savings to productive investments. The tax policy should be a permanent instrument for encouraging economic growth.

The Finance and Public Credit Secretariat, with the participation of the Labor Congress, will analyze the various components of labor earnings such as benefit payments, production bonuses, and credits on salaries, to propose legal modifications that will go into effect in 1996 to permit a better distribution of the fiscal load through a tax reduction in favor of workers.

b) Prices and Public Tariffs

Prices and tariffs will be adjusted based on the following criterion:

Gasoline and diesel prices and electricity bills will increase an average of 7 percent in December of this year and another 6 percent in April 1996. These prices and tariffs will slide 1.2 percent monthly throughout next year, with the exception of the month of April. Likewise, CAPUFE [expansion unknown], ASA [Airport and Auxiliary Services], and FERRONALES [National Railways of Mexico] tariffs will be adjusted to keep them, in real terms, at a level no higher than that of November 1995.

The prices of other petroleum and petrochemical products and the prices and tariffs on other goods and services already determined based on formulas connected to international prices will continue being applied with the same criterion.

c) Public Expenditures

It will be proposed that the level of government expenditures on social development and productive investments be higher, in real terms, than this year's level.

I. Considering that in 1995 the public, private, and social sectors strongly reduced their expenditure and that it is necessary to reactivate production and employment in the private and social sectors in 1996, the federal government commits itself to proposing in the 1996 Expenditures Budget to be presented to the Chamber of Deputies, the following:

Despite the fact that government expenditures were significantly reduced in 1995, in 1996 they will be reduced 4.75 percent through strict austerity measures, fiscal discipline, and the reduction of administrative units while respecting the rights of state employees.

To increase public investment in strategic areas of the energy, education, and health sectors over the 1995 level. This increase should be proportionate to the expected economic growth, at least.

To increase the proportion of investment-related expenditures in the 1996 budget.

To schedule public investment in such a way that investment expenditures during the first half of the year will be equal to the highest percentage of investment expenditures incurred during the first half of the year of the past six years.

II. Austerity Measures

A Presidential Agreement aimed at reviewing the structures of the departments and entities of the federal public administration will be issued to strengthen the federal government's austerity measures for the 1996 fiscal period and to reduce running expenses.

III. Government Bidding and Purchases

The federal government will adopt measures to accelerate the publication of bids on public investment and purchases to generate jobs and to contribute to economic reactivation. Likewise, actions will be implemented to help turn public sector purchases into a source of permanent demands for enterprises, especially the micro, small, and medium enterprises, thus contributing to the generation of jobs in the productive sector.

d) Public Investments

The federal government will dedicate as many resources as possible, in the context of macroeconomic stability and budget discipline, to strategic and priority projects to contribute to the creation of jobs, the well-being of the

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population, and to increase the competitive capabilities of the national production apparatus.

2. Exchange and Monetary Policy

The free floating regime that has been in effect will be maintained. Under current circumstances and in the framework of an economy built based on the international flux of commerce and investments, this is the most suitable regime, even for the purpose of maintaining competitive parity.

Banxico will establish its 1996 monetary policy in terms compatible with the present Alliance's goals of bringing inflation down and producing economic growth.

3. Development of Savings and Infrastructures

a) Annuity system

To guarantee the workers an adequate income when they retire, and to promote stable and long-term savings sources, a reform to the annuity system will be presented for the consideration of Congress. This reform establishes the investing of Old Age and Old Age Unemployment [Vejez y Cesantia en Edad Avanzada] insurance funds in private accounts. The proposal, which respects the acquired rights of the workers and guarantees a minimum annuity, takes into consideration the opinion of all the sectors.

b) Communications and Transportation

The general guidelines for opening the railroad service and the corresponding regulations that seek to encourage private investment in this area will be issued during the current year so that this will lead to generating direct and indirect employment and promoting greater efficiency in the transportation of merchandise and people.

A draft law on civilian airports will be presented before the Congress of the Union during the current regular sessions. The main goal is to broaden and modernize the network of airports of the country with the participation of private investment.

Bids will be called during the current year for continuing with the concessions of port terminals, particularly those with tourist and fishing ports in order to improve the infrastructure, increase their capacity and efficiency, and stimulate in this manner a very broad economic activity and the generation of new sources of employment.

As a result of the agreement with the concessionaires and transportation workers, tolls in the highways of the country that are granted under concession will be reduced with the purpose of promoting greater use and thus improve efficiency in the transportation sector.

c) Electricity

In matters of electricity, the Federal Government will promote a structural reform to strengthen private participation in generating electricity with the purpose of increasing its productivity and ensuring the financing that is necessary for its expansion.

4. Deregulation for Competitiveness and Employment Growth

a) In addition to the measures of tax administration that have already been mentioned, within the next 15 days the federal executive branch will issue a decree that will deeply change the outlook concerning the establishment and operation of companies. This instrument will establish an exact calendar for revising the requirements and procedures that each secretariat and department of the Federal District specifies for the establishment and operation of companies. At the end of the revision period, a resolution will be issued on the procedures that will be incorporated into the Single Registrar of Federal Procedures, and these will be the only ones that will be required.

This procedure will establish a positive notional unit [ficta] for activities that are not high risk. For high risk activities, the negative notional unit will be established and it will grant the productive sectors a certainty by giving them an exact term for answering their request.

b) The federal executive will encourage the governors of the federative bodies to join, within the area of their jurisdiction, a National Deregulation Agreement. Those governors who agree to sign this agreement will commit themselves to changing their regulatory approach and adopting a procedure similar to the one that will be followed by the federal government, referred to in the previous sub-subparagraph. In addition, the federal executive will give instructions to the head of the Federal District so that, within the area of his jurisdiction, he may adopt the measures conducive to the same objective.

c) As part of the federal government's actions to reform the justice system, a bill on modifications to the Civil Code, the Code of Civil Procedures for the Federal District, the Code of Commerce, and other legal ordinances will be submitted for the consideration of the Congress of the Union and, in this case, of the Assembly of Representatives of the Federal District. The basic goal of this bill will be to speed up the legal procedures.

5. Promoting Employment in the Micro, Small, and Medium Enterprise

a) In the coming 120 days, centers for business competitiveness will be set up in 10 cities. These centers, which will be administered by the private sector with

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the participation of national and state academic institutions, will offer services of integral consultantship to micro, small, and medium businesses.

b) A national program will be established to encourage the use of computers in the productive and administrative sectors to promote the technological culture of the micro, small, and medium enterprise and thus, increase their productivity.

c) Bancomext [National Foreign Trade Bank of Mexico] will increase its credit to the export sector by 30 percent, in real terms; strengthen its program "Mexico Exports" to provide credit, technical assistance, and risk capital to those companies that have export potential, and will provide support to their suppliers. Nafin [National Finance Bank] and FIDEC [Trusteeship for Commercial Development] will increase the channeling of resources by more than 30 and 50 percent, in real terms, respectively, to benefit micro, small, and medium companies of the industrial, commercial, and services sectors. Nafin will also begin a joint program with the commercial banking sector to support businesses via risk capital.

6. Development and Housing Banks

To generate jobs and increase the supply of decent housing for workers:

a) In 1996, the amount of credit available to development banks will be increased. Banobras [National Bank of Public Works and Services, Inc.] will reduce its interest rates and will invest 1.2 billion new pesos to finance the completion of 1,700 works in different municipalities, which will involve a significant stimulus to the development of communities by providing public services and basic infrastructure, and injecting job-generating resources into them.

b) The FOVI [Housing Operation and Discount Fund] will get an additional 20 percent of resources to support its low cost housing construction program. During 1996, the construction and purchase of low cost housing for a significant number of low income Mexicans will be receiving support by means of an average 10 percent discount in all payments related to homes financed by the FOVI, in addition to relief to the illiquidity and capitalization problems confronted by construction companies and commercial banks. In addition, the middle class will also receive support in purchasing new housings by cutting real interest rates and the payment factor credits in UDI's [Investment Units] for 80 percent of the 35,000 existent new housings.

c) The purchase of housing that have been completed but not yet assigned will be made more efficient as result of new measures adopted by INFOVIT [Institute of the National Fund for Workers Housing].

7. Measures Related to Employment and Training Matters

With the objective of expanding opportunities of employment and for these to be well-paid:

a) Scholarship programs such as the Unemployed Workers and Total Quality and Modernization will be expanded so that in 1996, these programs will be able to offer a total of 900,000 scholarships, that is, a 30-percent increase compared to 1995.

b) With the support of the productive sector and the federal government, the Council of Regulation and Certification of Labor Qualification will support the creation of a top-notch, flexible human resources training system, guided by results and in accordance to the needs expressed by country's workers and the productive sectors.

c) The Preferential Preservation of Rural Roads for the Intensive Use of Labor program will continue during 1996 with a budget greater than the one assigned during 1995. It has been forecast that this new budget will create nearly 149,000 new provisional jobs. At the same time, there are plans to expand the Temporary Employment Program that is currently being managed by the Social Development Secretariat. It has been anticipated that this plan will create 700,000 additional jobs, an amount 27 percent greater than the number of temporary jobs created under this same program during 1995.

8. Wages

The Labor and Social Welfare secretary will urge the National Minimum Wages Commission to review the minimum wages scale currently in effect so that minimum wages will be increased by 4 December 1995 by 10 percent and for such an increase to be made effective by 1 January 1996.

Likewise, in due time, the Labor and Social Welfare secretary will request another minimum wages assessment in order for there to be an additional 10 percent increase as of 1 April 1996 over the amount that went into effect on 4 December 1995.

9. Social Expenditures

Recognizing the urgency for budgets that have been allocated to be used in a direct manner to meet the needs of the communities, two thirds of the social development expenses of the Federal Expenditures Budget will be decentralized. These resources will be channeled to

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the state governments and, in turn, assigned to the municipalities in an expeditious and transparent manner.

On the other hand, coverage of social programs being carried out by the federal government will be expanded preserving the same criteria of transparency and selectivity applied up until now. Social programs that stand out and have benefited the most from expansions include the Tortilla Consumption Subsidy Program and school breakfast program where nearly 2.8 million households and 2 million infants respectively will have benefited by the end of 1996. Likewise, a health program aimed specifically at providing a basic health package to that sector of the population currently not registered with any of the social security programs is scheduled to begin operating during 1996.

10. Support for Rural Sector

Acknowledging the importance of reviving the agriculture sector, the government of the Republic decided to set up an Agriculture Intersecretarial Cabinet Commission that includes social organizations linked to the sector in order to design a rectorial program. In the next few days, the details of the agreements made by commission members expressed in specific actions will be made public, and through them:

a) The rural sector will receive dynamic and categorical support with the objective of encouraging productivity in the sector to expand faster than food demand by the population, reclaim its profitability, create employment, increase revenues earned by growers, and reduce the food balance deficit [deficit en la balanza alimentaria].

b) In a complementary manner, the use of guidelines in matters such as technological transfers, increase in productivity, capitalization, foreign trade, financial support, training and investments in human capital, will be carried out in an orderly manner.

The annex of the present document provides additional tax policy measures and details with respect to public bids, government purchases and public investments scheduled to be carried out by the federal government.

Pledges

The labor, peasant, and business sectors agree with the government of the Republic to carry out all necessary additional actions to the following commitments established in order to attain the agreed results.

I. The Labor and Business Sectors Pledge to the Following Commitments:

a) Recommend to their representatives before the National Commission on Minimum Salaries to approve the review proposals that the labor and social welfare secretary will present.

b) When reviewing collective, whole, or salary contracts, the negotiations will be held with the greatest freedom of the parties involved in accordance with the particular condition of each enterprise.

II. The Peasant Sector Pledges to:

a) Increase food production faster than population growth, support productive reconversion to more profitable products, boost the cattle sector, care and preserve national resources, make better use of the land according to soil type, contribute toward a balanced national food supply, and sponsor the creation of new marketing and financing means through the collective efforts by producers.

b) Steadily raise productivity, invest to capitalize agricultural and cattle-raising activities, encourage technology transfer, and ensure training and organization as essential elements to production.

III. The Business Sector Pledges to:

a) According to its means and according to the condition of each enterprise and in order to help preserve the workers' purchasing power, absorb the cost impact to prices and tariffs caused by this document.

b) Make a new effort to get investors to expedite and advance their 1996 investments so as to establish in the shortest time at least 200 investment pledges by Mexican enterprises with both domestic as well as regional coverage and of foreign enterprises established in Mexico.

c) Larger enterprises that pledge investments will take up programs for the use of domestic products and supplies and productive mergers with the micro-, small-, and medium-sized enterprises.

IV. The Labor, Peasant, and Business Sectors and the Federal Government Pledge to:

a) When it becomes necessary to modify prices under official control, the sectors will be informed in due course through the Alliance Evaluation and Follow-up Commission [Comision de Seguimiento y Evaluacion de la Alianza].

b) Evaluate the achievements and goals outlined in the National Agreement for Raising Quality and Productivity [Acuerdo Nacional para la Elevacion de la Productividad and la Calidad] and the National Council of Micro-, Small-, and Medium-Sized Industry [Consejo Nacional de la Micro, Pequena y Mediana Industria], the Mexican Council of Productivity and Competitiveness

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[Consejo Mexicano de Productividad y Competividad], and the Council for the Standardization and Certification of Labor Qualifications [Consejo de Normalizacion y Certificacion de Competencia Laboral], to ensure the best use of the available infrastructure and avoid possible wasted efforts.

Proposals to increase the general effort that will have to be permanently made in all economic spheres, is to be derived from the prompt joint evaluation carried out under the point of view that will allow to plan and evaluate long-term results.

The labor, peasant, and business sectors and the federal government believe that it is particularly important at this moment to persevere in the common task of boosting economic reactivation, employment, and price stability. They likewise believe that a concerted agreement is essential to attain those goals because it establishes commitments and attempts to distribute with fairness among all sectors the efforts and results, costs and profits.

The parties who sign, greet this alliance with the security that the joint effort and the effort of each person in its field of action, will make possible a firm recovery of economic activity and employment, will strengthen the confidence in our own capacity, and will create a framework of certainty that will result in everyone's determination toward the results that people expect.

The terms of this alliance will be effective from this date and up to 31 December 1996.

Representatives of the labor, peasant, and business sectors, federal government and the Bank of Mexico, sign this alliance in Los Pinos official presidential residence on 29 October 1995, with the president of the United States of Mexico acting as the witness of honor.

Annex

I. Additional Tax Measures

In addition to the fiscal measures described in the text, legal modifications to the Honorable Congress of the Union will also be proposed and changes will be made to administrative procedures. The following measures, which were already analyzed in the Fiscal Advisory Council, should be pointed out:

In order to promote the recovery of the economy:

- To stimulate the creation of jobs in the auto industry and in the sectors that provide it with inputs and services for production, in 1996 authorities will totally exonerate tax payment on new automobiles.

- Allow businesses to deduct, without any requirement, up to 71 percent of investments on new automobiles whose unit price does not exceed the limit set by the corresponding decree.

- Expand the fiscal loss amortization period from five to 10 years.

- Establish permanently the 4.9-percent withholding rate on interest paid to residents from countries with which Mexico maintains double taxation treaties.

- Allow banks to deduct in future fiscal periods the surplus between global preventive reserves and reserves authorized to be deducted in each year.

- Allow the financial system to postpone the payment of taxes incurred by the adjudication of properties until the moment of their sale.

- Improve the corporations merge and breakup tax system so that the companies that decide to restructure themselves be exempted from the payment of taxes for the sale of shares.

- Allow taxpayers to accumulate or deduct moratorium interests until they are collected or paid, when operations are conducted between companies.

- Modify the Value Added Tax Law to incorporate the zero-rate system for processed food and medicine throughout the production network, as well as applying this tax only to real interests on credits on consumption and credit cards.

- Protect the national industry from the import of fake merchandise or merchandise without the right to the corresponding patent.

To advance in the simplification:

- Deliver the registration document to the Federal Taxpayer Master File in a maximum term of five working days.

- Reduce by 50 percent the number of notices from the taxpayer to the fiscal authority.

Regarding the juridical security of taxpayers:

- Reduce the term for administrative resolutions from four to three months.

- Include a system of "prompt justice" [justicia de ventanilla] to resolve promptly, simply, and directly problems pertaining to the imposition of fines, tax return filing, and Federal Taxpayer Master File.

- Propose the establishment of a law or regulation to include different provisions that today are established in administrative resolutions.

- Expand and make flexible the administrative resources available to taxpayers.

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- Inform taxpayers about the results of checks made during documentation revisions.

- Ban examination officials from drafting complementary records once the auditing is concluded.

- Establish a system of direct consultation on the different actions of the authority aimed at the taxpayer, so as to prevent them from being surprised with false revisions or actions.

II. Bids and Government Purchases

Considering that the opportunity to publish the calls for bids and public purchases is fundamental for the economic reactivation, the federal government has pledged to:

- Propose in the 1996 Draft Budget Decree that the Secretariat of Finance and Public Credit inform the agencies and entities of the Federal Public Administration the calendar approved for the fiscal year, 20 days after the Chamber of Deputies approves the budget at the latest.

- To release before the end of January 1995 official investment authorization letters to insure the availability of resources as established by the Acquisition and Public Work Law. [as published]

- To allow agencies and entities within the Federal District public administration to request during this fiscal year a special authorization to execute physical investment, which will make it possible to anticipate the basis for bids during the 1996 fiscal year. These authorizations will help to reduce the time required during the 1996 fiscal year to publish the convocation for bids to continue or initiate works and/or acquisitions.

- To publish on 31 January 1996 at the latest the calendar for bids for the main projects in public works.

The federal government will implement various measures so that purchases in the public sector become a source of permanent demand for businesses, contributing to create employment in production activities. These measures include the following:

- An electronic system for purchases in the public sector will be implemented. This system will collect data regarding all the bids for works and acquisitions programmed by public agencies and entities, including information on requirements and amount of goods and services to be acquired through bids as well as the dates these will be requested. Thus, this will be a quick, honest, and low-cost management instrument to facilitate the planning by businesses that provide goods and services to the public sector, particularly micro-, small-, and medium-sized businesses that have traditionally faced great difficulties in this regard and have obtained fewer benefits from production and employment-creation opportunities offered by public bids.

- Additionally, a permanent program will be implemented to follow up on a monthly basis the purchases of goods and services made by agencies and entities as well as the respective payments. Through this program, the authorities will supervise that public spending is keeping with projections without unjustified advances or delays in purchases of goods and services from the private sector so as to reduce costs and be in a position to provide services in a timely fashion to agencies and entities. Moreover, this program will avoid unpunctuality in payments to reduce financial costs both for businesses and the public sector, acknowledging a financial cost in case payments are delayed.

III. Public Investment

The public investment projects for 1996 include the following:

- Physical investment by Mexican Petroleum and its subsidiaries will increase by a real 5.5 percent. This investment will give more relevance to exploration and production areas. Within the new legal framework allowing private investment in gas pipes for transportation, storage, and urban distribution networks for natural gas, and as a result of the privatization of assets of the secondary petrochemical industry, it is noteworthy that private investment is expected to additionally contribute to the expansion of the amount of capital installed in these areas.

- Regarding the electricity sector, investment in transmission will be 33.6 percent larger in real terms than in 1995. Also, the distribution rate will be a real 33 percent higher than in 1995.

- In addition, the National Water Commission will carry out an investment in 1996 that will be a real 7.6 percent higher than in 1995.

Main 15 Points of the Alliance

1. The alliance will allow economic recovery. The GDP growth rate will be at least three percent.

2. Reactivation will be promoted by consumption, private investment, exports, and public investment.

3. The alliance will act as a generator to create employment permanently.

4. Inflation will be substantially reduced.

5. There will be a recovery of minimum wages.

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6. There will be a gradual increase in prices and rates in the public sector. In December, there will be an average increase of only 7 percent.

7. There will be no tax increase.

8. Very generous tax incentives for productive investment and creation of employment:

- Tax exemption on assets for small- and medium-sized businesses (80 percent of total businesses)

- 100-percent deduction on new investments that are higher than those made in 1995

- Tax credit for hiring new workers.

9. A fair proposal to reform the pension system and promote savings.

10. Public finances will be balanced.

11. The free fluctuation system for exchange rate will be maintained.

12. Programs for training workers will be expanded.

13. Emergency employment programs will increase.

14. There will be a program by sectors to support the countryside.

15. Coverage of social programs will increase.

Correction to EZLN Declares 'Red Alert'

PA2710140295

The following correction pertains to the item headlined "EZLN, Government Activities Following Arrest of 'German': EZLN Declares 'Red Alert'," carried in the 27 October Latin America DAILY REPORT, pages 8-10:

Page eight, column one, antepenultimate graf, first sentence make read ...was made public, Major Moises said it... (replacing "Mayor" with "Major" here and throughout item)

Correction to Assassin Accuses Ex-Policeman

PA3110005595

The following correction pertains to the item headlined "Colosio Assassin Accuses Ex-Policeman of Involvement," carried in the 30 October Latin America DAILY REPORT, pages 24-25.

Subslug make read: [Part I of report by Elena Gallegos and Juan Manuel Venegas; received via Internet] (correcting subslug)

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El Salvador

FMLN Evaluates Status of Agreements; Coordinator Comments

PA0111031395 San Salvador Radio Cadena YSU in Spanish 1230 GMT 31 Oct 95

[Report by Douglas Mejia from the "YSU Radio News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] The penultimate deadline given by the United Nations will expire on 31 October; nevertheless, the government and the FMLN [Farabundo Marti National Liberation Front] will have six more months to comply with the pending points of the deadline extension granted by the United Nations.

The FMLN today evaluated the status of the agreements, and Eugenio Chicas, the FMLN joint coordinator, has said he has perceived extreme slowness in the implementation of the pending points although it recognized there has been substantial advancement:

[Chicas] "We have noticed, first of all, slowness in the process [words indistinct] extending the deadline until 30 April 1996 in order to specifically advance in six concrete areas, first, advancement in the area concerning the judicial system. The six specific areas are: 1) We must ensure compliance with all aspects pertaining to the judicial system as the first point; 2) aspects concerning the elections or reforms to the electoral system; 3) noncompliance and distortions of the subject of the National Civilian Police [PNC]; 4) pending aspects in the transfer of land; 5) pending aspects concerning the reincorporation of former rebels; and 6) the subject of human settlements, including compliance with aspects on the ownership of land and real estate."

According to Miguel Saenz, the subject of public security is one of the most difficult points still pending compliance:

[Saenz] "On the subject of public security, we are deeply concerned about reports on the existence of groups or units operating outside the organizational structures of the PNC. It is particularly worrisome, because those groups or units have the support of and decisions have been adopted by the Public Security Ministry and the PNC Directorate. Obviously, this is very important. We must take into consideration who adopted the decisions.

"Another problem is the inappropriate interferences by top PNC commanders when members of the PNC are being investigated. The most significant example of this situation is the case of Romero Alfaro, who has been accused of killing our FMLN comrade, Veliz. The interference of top commanders has clearly prevented the possibility of arresting him.

We are also concerned with changes in the chain of command in the Department of Investigations on Organized Crime of the DIC [Department of Criminal Investigation]. The fact that the DIC and DAN [expansion unknown] have not been thoroughly investigated is another reason for concern. There are still people in those institutions who were linked to the former UEA [Executive Antinarcotics Unit], and the former structures of the investigation on drug trafficking."

Another complex point still pending is the process for the transfer of land and the human settlement programs, according to Antonio Alvarez, head of agrarian affairs for the FMLN:

[Alvarez] "The other main point pending compliance from 31 October to 30 April 1996 is the case of 5,000 squatters and former rebels whose properties have not been transferred to them. In fact, the point concerning the 5,000 squatters and former rebels is the most critical and complex part of the program of land transfers. The reason for this is that the properties comprising 60 percent of the land for those 5,000 pending transfers are properties that are not on sale; in other words, it will be necessary to either persuade the owners to sell or possibly relocate the occupants and former rebels. Therefore, we believe the pending points are the most critical and complex.

"Another important aspect is that these 5,000 occupants and former rebels have not been assigned land due to the shortage of land, particularly in the departments of Morazan, Chalatenango, Cabanas, and Cuscatlan. We have advanced approximately 80 percent, but the 20 percent still pending is the most critical and complex part of the program."

In recent months, in addition to the land ownership problem, political parties have accused ARENA [Nationalist Republican Alliance] of delaying the approval of electoral reforms. Despite the irregularities, however, all the parties involved have agreed the achievements have been significant within a peace process they believe is irreversible.

Guatemala

President Cited on International Blockade Against URNG

PA0111024595 Guatemala City PRENSA LIBRE in Spanish 28 Oct 95 p 2

[FBIS Translated Text] President Ramiro De Leon Carpio yesterday assured that the international community has started an economic and military blockade against the Guatemalan National Revolutionary Unity, URNG,

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to force the guerrillas to show their political willingness at the negotiation table to sign a peace agreement.

Upon returning from the United States, where he participated in the 50th UN anniversary and a number of bilateral meetings with chiefs of state of various countries, De Leon Carpio insisted the international community has reaffirmed its *full support* to the negotiation process while he reaffirmed the government's willingness to implement an immediate cease-fire.

The president said he has urged the international community to divert resources used to support insurgent activities in the past to invest them in nongovernment organizations and government activities to fight poverty. *We have actually asked that aid given to the URNG in the past be given to the country now*, the president said after assuring that the international community is convinced it is better to help the country than organizations outside the framework of the law.

De Leon Carpio said the few countries that support the insurgency are pressuring it into ending the armed conflict as soon as possible.

The president announced that Central American embassies will be opened soon in countries of southern Africa, Asia, and Europe to tighten commercial and cooperation ties among nations.

He added that Central America as a bloc managed to obtain a $45 million donation from the UN Development Program, UNDP, which will start being disbursed next year.

President De Leon Carpio said he granted interviews and news conferences to the most influential U.S. media, and this allowed him to dispel negative ideas about the country in North America.

The president met with UN Secretary General Butrus Butrus-Ghali, Presidents Bill Clinton and Ernesto Zedillo, and U.S. senators and representatives.

Correction to DIDE Chief on U.S.-Promoted Blockade

PA3010151095

The following correction pertains to the item headlined "DIDE Chief Wants U.S.-Promoted Blockade Against URNG," carried in the 30 October Latin America DAILY REPORT, page 30:

Sourceline make read: ...Guatemala City PRENSA LIBRE in Spanish 26 Oct 95 p 2... (adding page number)

Honduras

Mario Hung Pacheco Named New Army Commander in Chief

PA0111014995 Tegucigalpa Voz de Honduras Network in Spanish 2240 GMT 31 Oct 95

[FBIS Translated Text] The appointment of the new commander in chief of the Honduran Armed Forces has become official.

Attention Voz de Honduras audience. Last-minute news. Current Army Commander Colonel Mario Raul Hung Pacheco has just been appointed the new commander of the Honduran Armed Forces.

Nicaragua

Official Considers U.S. Relations Under FSLN Government

PA3110141195 Managua BARRICADA in Spanish 30 Oct 95 p 4

[By Lizbeth Marielos Garcia]

[FBIS Translated Text] Commander Tomas Borge yesterday called on Sandinists to stage the upcoming FSLN [Sandinist National Liberation Front] elections in an atmosphere of friendship and respectability and with the goal of attaining power in 1996 in mind.

The FSLN deputy secretary general yesterday listened to Ticuantepe residents' ideas and concerns on property matters, the FSLN elections, and possible party alliances. Dozens of Sandinists reaffirmed their support for the party with fireworks, cheers, kisses, and hugs upon Borge's arrival at Women's House [Casa de la Mujer] for the meeting. The meeting opened with a biblical reading on unity as the only means to achieving victory, followed by the welcoming words of one community leader who stressed the importance of aiming for victory in the 1996 elections.

Borge reported that some of his Sandinist movement comrades have stepped down, confusing FSLN militants and hurting the party's image. He confirmed that although the FSLN has not yet nominated a candidate, it has the greatest chance of winning the elections as it would be a government for all Nicaraguans and not just for the Somozists. He described the Arnoldo Aleman party as "a hazard to national stability rooted in violence."

A Ticuantepe resident asked how relations with the United States would be under an FSLN government. Borge responded that "relations would be good but not debasing," adding that "the United States no longer has

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any motive to attack Nicaragua" and that "there should be no more confrontations."

Borge promised to guarantee property ownership and credits for peasants, as well as to improve social conditions in the country. He made it clear that FSLN members are not political or electoral dabblers who promise what they cannot deliver. "We can offer a democratic and honest government without corruption," he said. "We are here to solve the people's problems, even if we do not have the resources," Borge said. He described the 1990 defeat as temporary, as the FSLN is destined to play a role in the country. "Nicaragua cannot exist without the FSLN, and the FSLN cannot exist without Nicaragua," he stressed.

Panama

President Downplays Importance of U.S. Law on Cuba

PA0111035095 Panama City EL SIGLO in Spanish 26 Oct 95 p 66

[FBIS Translated Excerpt] The approval by the U.S. Senate and House of Representatives of a law establishing penalties against countries that maintain diplomatic ties with Cuba and that do business of any kind with the Cuban Government will cause serious problems for many countries in the hemisphere, particularly Panama.

Panama not only maintains diplomatic and consular relations with Cuba but also maintains an intense and considerable commercial exchange with that Caribbean island, which is accused of being the last bastion of communism in America.

Last week, Panamanian President Ernesto Perez Balladares downplayed the importance of this law, and government spokesmen have said the law had been "eased" by removing a very conflictive clause. This remark was false, however, because the aforementioned law maintains the severity originally intended by its sponsors, led by Congressman Burton and Senators Dole and Helms. They only eliminated from the final text the clause that has allowed Cubans in exile, Cuban-Americans, and U.S. citizens to sue the United States for the losses they may have suffered in Cuba during the regime of Fidel Castro. [passage omitted]

Panama and especially the Colon Free Zone maintain intense trade with Cuba totaling hundreds of million of dollars. The United States has complained that Panama is not only breaking the blockade against Cuba but also providing sensitive and U.S. prohibited material to the island.

Although President Clinton has tried to improve ties with Cuba and gave the go-ahead to U.S. bankers and businessmen to travel to Cuba to investigate the possibility of doing business, the U.S. Congress has imposed its thesis that Castro will fall only by toughening the blockade against Cuba.

Thus, Panama is confronted with a difficult decision: Either it breaks relations with Cuba and suspends all commercial dealings with the island or it is left without financing and loans for the social development President Perez Balladares wants for Panama. [passage omitted]

President Offers Support in Successful Canal Transition

PA3110154095 Panama City EL SIGLO in Spanish 29 Oct 95 p 8

[Report by Cynthia J. Sanchez]

[FBIS Translated Text] President Ernesto Perez Balladares has guaranteed the Panama Canal Commission [PCC] his absolute cooperation in ensuring a successful transition of the waterway in 2000.

According to Perez Balladares, an orderly transition of the Panama Canal is important for Panama as well as for the United States. At the same time, he stressed the progress the PCC is making in carrying out the Canal's transition. The president made those remarks during a meeting of the PCC Board of Directors in which he congratulated the Board and its administrator for their commitment and dedication to bringing about an efficient transition.

It is worth noting that the main topic of the Board of Directors meeting was the orderly transition of the Canal. Administrator Gilberto Guardia F. submitted a quarterly report on Canal operations.

The report revealed that the Canal's traffic and toll revenues set a record in the current fiscal year, as toll revenues registered an increase of 462.8 million balboas.

In addition, the Board agreed to raise the number of investment and modernization projects in the Canal. The net tonnage of the Canal's Universal Measurement System rose 10.7 percent when compared to last year.

The Transition Commission, in turn, commented on the Panamanian initiatives for the transition, including the progress made in drafting the charter law that will rule the Canal's administration and operation after 31 December 1999.

The Personnel and Safety Committee reviewed the preliminary comparative study on salaries, whereby PCC positions will be compared to similar ones in 250 private companies. In addition, unique posts, such as the Canal's pilots and others, were excluded as there is nothing to compare them to in the local economy.

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Argentina

Economy Minister: Provinces Must Adjust To Ensure Help

PY3110171295 Buenos Aires TELAM in Spanish 2220 GMT 30 Oct 95

[FBIS Translated Text] Buenos Aires — Economy Minister Domingo Cavallo today stated that provinces that do not adjust their economies — by privatizing enterprises and by transferring the social security systems to the central government — will not receive any help from the government.

"No province can expect to obtain the support of the nation if it does not privatize banks and state enterprises. This has been discussed since the signing of the 1993 Fiscal Pact," Cavallo said during the opening of the Eighth Convention of Provincial Banks.

Talking to a packed audience, the minister preferred to target his address on the public sectors of the provinces, and relegated the restructuring process of the provincial banks to second place in his address.

Cavallo divided the situation of the provinces into three large groups: Those that have their accounts in order due to properly implemented readjustments; those that have achieved a fiscal balance but are still heavily in debt; and those that are "in the red" and heavily in debt.

He placed the provinces of Buenos Aires, San Luis, Santa Cruz, and La Pampa in the first group because he described those provinces as "examples because their local finances are in order and because they are not heavily in debt."

He placed the provinces of Corrientes, Santiago del Estero, Entre Rios, Misiones, Formosa, Salta, Catamarca, and Santa Fe in the second group because "they are well on the way toward a balanced budget although they have not fully resolved their debt problem."

He placed the provinces of Rio Negro, Cordoba, Neuquen, Tucuman, Jujuy, and Chubut in the poorest situation as they are completely out of balance and heavily in debt.

Cavallo said: "What advice can we give for these provinces and those that still have a debt problem? We suggest they read time and again the Fiscal Federal Pact signed on 12 August 1993."

As key steps to overcome the provincial crises, Cavallo pointed out the privatization of state-owned banks, power companies, and water utility companies, and the transfer of deficit-laden social security funds "like the one in Cordoba."

He advised: "It is necessary to change untenable situations in which many people collect high salaries without going to work, reorganize the provincial governments, and abolish unnecessary organizations. Everything we have been doing at a national level must be done."

Cavallo admitted, however, that not all the cases are equal. He said: "While some provinces have already implemented adjustments, while other provinces have not even begun. Therefore, every provincial government must assume their responsibilities."

Cavallo emphasized: "The nation and provinces as a whole must prevent themselves from falling into the trap of transferring the blame for mismanagement of provinces onto the nation, and even onto the families and inhabitants of well-managed provinces."

After confirming that the Fiduciary Fund for Provincial Development [Fondo Fiduciario para el Desarrollo Provincial] would finance provincial reforms and privatizations over a 15-year period, Cavallo emphasized that it is necessary to advance on tax, labor, and legal deregulations throughout our country.

Discussing financial issues, he emphasized that provincial banks must "be efficient" regardless of their privatization or their reorganization to continue being run by the state.

Discussing our domestic financial system as a whole, Cavallo said: "Those who do not organize themselves efficiently will disappear."

In Cavallo's opinion, unlike the industrial, livestock, and agricultural sectors, the production rate of financial services has not grown recently, as indicated by the high level of "spreads" [preceding word in English] and the cost of money.

Provincial Governors Agree To Seek Fiscal Balance

PY3110180895 Buenos Aires TELAM in Spanish 2218 GMT 30 Oct 95

[FBIS Translated Text] Buenos Aires, 30 Oct (TELAM) — Today 18 governors signed a document committing their administrations to work toward balancing their fiscal accounts, reformulating their labor relations, and transferring their pension funds to the nation.

The communique signed by the 18 governors says: "We need to move quickly toward a fiscal balance throughout the public administration (where deficits are obvious), which has further deteriorated due to falling revenues."

The governors, who are members of the Federal Investment Council (CFI), called on the national government to appoint government officials of the highest possible

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rank to evaluate alternatives to balance provincial accounts.

The document says: "Several alternatives have been evaluated, seeking to implement measures to reduce current spending."

The document adds that changes "within the framework of structural reform programs, in the area of labor management, are being implemented in jurisdictions that have deemed it appropriate."

The governors agreed that one alternative to correct the deficit in provincial pension funds "is by transferring those systems to the nation, whenever the transfer is deemed convenient."

The document confirms "the validity of federal revenue sharing minimums and emergency funds established in fiscal pacts that are signed between the nation and the provinces, and guaranteed by both parties."

The governors could not agree on concrete plans to reduce their current spending, including salaries and the transfer of pension funds to the nation.

Rio Negro Governor-elect Pablo Verani said: "Many provinces propose a single general solution for all provinces, but not all provinces are equal."

Governor Jorge Sobisch, who will finish his term in Neuquen in a few days, recognized that "governors discussed several alternatives, but we have to see what the national government has to say about all these proposals."

The governors expect the nation "to fulfill all its obligations, including the transfer of funds, the funding of specific projects, and the payment of current debts with the provinces."

The document also asks the national government to create "a fund to handle the rescheduling of provincial debts and to transform short term debts into long term debts."

The main proposal the governors studied today was the proposed salary reductions for public workers.

Some governors believe there are several ways to cut provincial spending on labor, including a tax on salaries like the one in effect in Misiones Province.

No concrete agreement was reached and the document only proposes "the implementation of measures to reduce current spending."

La Rioja, San Luis, Catamarca, and Formosa Provinces were not represented at the meeting.

Wounded Iranian Diplomat Leaves Hospital

PY3110194395 Buenos Aires TELAM in Spanish 1541 GMT 31 Oct 95

[FBIS Translated Text] Buenos Aires, 31 Oct (TELAM) — Iranian diplomat Hassan 'Ali Rajabi Yazdi today left "The Sacred Family" Hospital where he has been treated for the past 10 days. Yazdi was shot by an individual on a motorcycle in the Buenos Aires neighborhood of Belgrano.

Cultural attache Monsher Rabbani confirmed that the 33-year old Iranian diplomat left the hospital in a black Mercedes Benz at 1030 and was taken to the Iranian Embassy in Buenos Aires.

Yazdi speeded to the diplomatic mission accompanied by three Iranian officials and with strong security guard and patrol cars from the 33d Police Precinct.

Yazdi, seated by the car's right window refused to talk to the numerous journalists. Reporters tried to get microphones and recorders near him but he rapidly closed the car window.

The diplomat did not say anything, but looked well and smiled. The Iranian diplomat, who was shot on 21 October, raised his left hand and waved to reporters who gathered outside of the hospital.

Iranian Cultural Attache Monsher Rabbani had a few words with reporters and reiterated his theory that the incident involved "a terrorist attack because an Israeli newspaper claimed responsibility for it."

Yazdi was shot on the night of 21 October. His attacker, an unidentified individual shot him at point-blank range from a motorcycle when he and his family were driving in a Mercedes Benz car by the corner of Pampa and Arribenos Streets, in this capital.

The bullet hit Yazdi in the back side of his right hip. He was urgently treated at "The Sacred Family" Hospital, where he arrived suffering intense pain but driving his own vehicle.

Chile

Peruvian Daily Interviews Frei on Bilateral Ties

PY0111024095 Lima EXPRESO in Spanish 30 Oct 95 p A2

[Interview with President Eduardo Frei Ruiz-Tagle by EXPRESO Director Manuel d'Ornellas at La Moneda Palace in Santiago; date not given]

[FBIS Translated Excerpt] Santiago — [Passage omitted] [D'Ornellas] Concerning bilateral and multilateral

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matters, we Peruvians are very satisfied and grateful to Chile for the role it played as guarantor of the Rio de Janeiro protocol in this whole process with Ecuador, a process which has been painful but not yet fully resolved. Has Chile been one of the most active guarantors?

[Frei] I feel that same satisfaction of having been an active and not a passive guarantor, and very active in some moments, as for instance in Montevideo. I think we have played a key role at a given moment and we have been continuously working on this because we truly believe that problems between countries must be solved peacefully, through dialogue and in compliance with treaties, and with respect for treaties and the international law. We believe that is the path to be followed, especially in Latin America. I believe that, as you said, although these incidents are regrettable, they are also very positive because the rest of the world at times looks at Latin America, I would say, in not a very accurate way. Here we are giving an example that within Latin America, with the guarantor countries, we can achieve agreements which right now are partial but which we want to be final. I believe this is a demonstration of civility we Latin Americans are giving as compared to other conflicts that go on for years. We are happy to be working in this process and to keep cooperating.

[D'Ornellas] Are you going to continue as active guarantor?

[Frei] Yes, we are.

[D'Ornellas] Speaking about treaties, there is something that strains our relations, and that is the Lima Convention.

I believe the axis of Peruvian-Chilean relations is no longer the Convention but the new system of relations which some call exemplary; there is a great Chilean investment in Peru, and there is great tourist exchange, etc.

[Frei] I think the policy we have adopted over the past few years with our neighbors has yielded excellent results. That is, we should not look only at tariff or commercial agreements but at relations from another angle: The essential angle I call integration of our countries. Then, I believe our destiny is indissolubly tied. If we Latin Americans are not integrated, if we do not seek unity, we will continue being underdeveloped nations. We countries with 10, 15, 20, or 30 million inhabitants with regional products that do not reach $100 million or $200 million in exports, with difficulties to allocate our manufactured products in international markets, have no future. Therefore, integration is a necessity for our countries.

We know this is difficult. They are paths on which we must walk. It has been like this everywhere. It took the European Community 40 years to be what it is today. A long process. We have also progressed a lot. Chile has sought the path of bilateral agreements which have had a tremendous success over the past few years. With Argentina, Mexico...this bilateral course has allowed us to reach agreements on economic complementariness; to reach agreements on promotion and protection of investments; to reach agreements on double taxation; integration agreements such as that with Argentina which go beyond the mere commercial area. Today we are talking about physical integration. We are talking about five routes that unite the two countries, and bio-oceanic routes. We are talking about energy integration in the case of Argentina. We are going to be connected by gas, and we want to be connected by electricity. With many Chilean companies which are participating there we want to be connected through services because the truth is that great international investors are looking for a Latin American market and not for the market of a single country.

Within that framework, the presence of Chilean companies in the southern cone is truly excellent. Today, Chilean investment amounts to approximately $5 billion, if we add Argentina, Peru, Bolivia, and Paraguay...

[D'Ornellas] $1.1 billion in Peru...

[Frei] That is correct, and with associated projects. It is believed that that amount will be doubled within the next few years, because nowadays pension funds reach some $26 billion, and a few days ago we have allowed, through laws or decrees, not only investments of the Pension Fund Managing Companies, but of insurance companies as well.

Then there will be an important flow of Chilean companies, which for this need of globalization have to go out and join Peruvian companies, Argentine companies, Brazilian companies, to have some consistency in the markets.

And that is the way, I think, to integration, because to the extent that our economies get intermingled, we will have to seek regional agreements. Not to shut ourselves in, as the theory goes, but to open up. In this we have been categorical in the case of Mercosur [Common Market of the South]. We want to be within Mercosur, we are interested in Mercosur, and Chilean businessmen are already investing there and our exports are also there. Chilean trade with southern cone countries will surpass 22 or 23 percent of our overall

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foreign trade. Those are high figures. We are going to export more or less $16 billion this year. We are going to import products worth approximately $13 or $14 billion. That is, we are talking about a Chilean foreign trade amounting to approximately $27 billion, of which more than 22 percent goes to Latin America.

[D'Ornellas] In a bilateral manner, however, you are avoiding the blocs, such as the Andean Pact, Mercosur...

[Frei] What we have clearly proposed is the theory of open regionalism. We want to be in Mercosur, and we are interested in being in those great agreements. But these agreements are not to shut ourselves in, but to open up in order to be able to compete. [passage omitted]

Foreign Minister Praises EU Negotiations Proposal

PY3110165895 Santiago EL MERCURIO in Spanish 28 Oct 95 p C7

[FBIS Translated Text] The government on 27 October estimated that the proposal for negotiations with our country, which the EU [European Union] is considering, is "extraordinarily satisfactory." He said it suits Chilean interests, because it considers the specific features of the Chilean economy and the progress between Chile and Mercosur [Common Market of the South].

Foreign Minister Jose Miguel Insulza criticized sectors that advocate a sort of race between our country and Mercosur, seeking to be the first to sign an agreement with the EU. Insulza said neither the EU nor Chile want to negotiate without considering Mercosur.

He stressed: "We are very satisfied because, far from pressuring Chile to join Mercosur, it is an agreement for independent negotiations with Chile that considers the approach between Chile and Mercosur."

Insulza recalled that the EU decided to negotiate with Mercosur at the Corfu Council meeting in June 1994; it referred to the Mexican case at the Essen meeting in December 1994; and it specifically considered Chile at the meeting in Cannes in June 1995.

He emphasized that the EU decision to negotiate with Mercosur was adopted one year before the decision on Chile, and that for this reason, he believes "those who claim Mercosur was the first to start negotiations with the EU and that this represents a great Chilean foreign policy failure are — to not use other words — misinformed."

Insulza emphasized that this matter cannot be compared to a horse race, and that Chile is not engaged — and for that matter has never been engaged — in a race with Mercosur to be the first to sign an agreement with the EU.

He said the important thing is the quality of an agreement, rather than the time it takes to reach it.

He explained that European Commission Vice President Manuel Marin announced here in Santiago that the EU expects to sign an agreement with Chile, following more or less the same guidelines as the agreement to be signed with Mercosur in the first half of 1996.

For the foreign minister, rather than time periods and deadlines, the important thing is the form in which the EU is designing the agreement with Chile, because it is "extraordinarily well" adjusted to Chilean interests.

He added that the EU seeks an agreement with Chile — taking into account specific features of the Chilean economy — that will open the doors for the agreement with the EU to properly consider relations between Chile and Mercosur.

"We should all agree that progress between Chile and Mercosur is essential," he emphasized.

Accord To Promote Investments With Uruguay Signed

PY0111002695 Santiago EL MERCURIO in Spanish 27 Oct 95 p B3

[FBIS Translated Text] Yesterday, Chile and Uruguay signed an agreement to promote and protect investments. The agreement establishes legal guarantees for property and the free transference of capital and profit according to the rules of the laws of each country.

The agreement was signed by Chilean Economy Minister Alvaro Garcia and Uruguayan Economy and Finance Minister Luis Mosca.

Minister Garcia said this agreement was a complement to the integration effort being made by the two countries in the negotiations for Chile to join Mercosur [Common Market of the South].

He said that in addition to this is the increasing exchange and integration of the business sectors promoting Chilean investments in Uruguay and vice versa. The two countries have complementary economies in similar productive sectors that may be further developed in the fields of agricultural foodstuff, forestry goods, and the paper industry, where there is room for joint investment projects.

In Minister Mosca's opinion, one of the most significant aspects of the agreement is that in the case of controversies, it offers the possibility of resorting to arbitration courts instead of to local courts.

Asked about possible obstacles posed by Uruguay for Chile to establish a partnership with Mercosur, Minister

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Mosca said that there are no significant differences except for those only normal in a negotiation process because there are certain sectors that have their doubts when it comes to strengthening trade relations.

However, he voiced his certainty that negotiations will be stepped up to reach an agreement and at the same time said that negotiations must necessarily be based on the consolidation of the existing preferences, so that they may act as the grounds for future advantages that may be obtained through trade.

The Uruguayan minister emphasized that this type of negotiation is part of the strong political will that the agreement with Chile and the negotiations being carried out with Bolivia may yield in the short term.

He said that it is quite likely that the negotiations that end in Montevideo tomorrow may conclude with satisfactory results for Chile and Mercosur. These negotiations refer to the list of products that will receive preferential treatment in commercial deals, the deadlines for the lifting of custom tariffs, and subjects regarding which progress was made during the past weeks, such as regulations governing the origin of products, the handling of free zones, and other issues.

Minister Garcia also sounded optimistic regarding these negotiations, noting that he has found great political will in all the Mercosur member countries and especially the Uruguayan Government.

He voiced his confidence that the meeting being held in Montevideo will be an additional step in reducing the list of exceptions and sensitive products.

Moreover, Minister Mosca dismissed the possibility that Uruguay and Brazil apply specific duties for the entry of goods from countries that are not Mercosur member countries, as Argentina did.

He explained that Argentina already had that protection scheme consolidated with the Mercosur agreement while Uruguay has other tools consolidated and they refer to some minimum import prices for some sectors that will continue in force.

Colombia

President Views Creation of National Intelligence System

PA0111031295 Santa Fe de Bogota EL TIEMPO in Spanish 28 Oct 95 p A3

[FBIS Translated Text] The government announced yesterday the creation of the National Intelligence System [Sistema Nacional de Inteligencia] as well as the national and sectorial advisory councils to counter crime in the country.

President Ernesto Samper said this strategy aims to rationalize the "disperse, multiple, diffused information handled by and work done by the public force and the DAS [Administrative Department of Security] independently and often with no coordination."

"We will solve the problems of crime confronting our society through intelligence work," he added.

Samper made these statements during a ceremony marking the 42d anniversary of the DAS.

In his speech, Samper said the DAS has been instrumental in strengthening justice and bringing criminals before the law.

He said the past few months have been particularly fruitful for the struggle against drug trafficking.

"We are talking about millions of personal doses of drugs, hundreds of thousands of doses that could have deteriorated or destroyed lives, and this, my DAS friends, is also partly a victory of yours.

"This is why I am seizing this opportunity to speak on behalf of millions of Colombians who live, dream, and work in the valleys, mountains, plains, and coasts of our country to say: Thank you," Samper said.

President Dismisses Criticism by U.S. Assistant Secretary

PA0111035795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Nov 95

[Report by Orlando Guerrero from the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper has downplayed criticism by Robert Gelbard, U.S. assistant secretary of state for international narcotics affairs, who has said the Clinton administration was not satisfied with Colombia's explanations on remarks by Interior Minister Horacio Serpa and the DAS [Administrative Department of Security] director against the United States.

President Samper today dismissed criticism made by Roberto Gelbard yesterday. According to President Samper, they reflect the opinion of a simple assistant secretary of state. The Colombian president believes that what President Bill Clinton told him personally during their recent meeting in New York during the 50th anniversary of the United Nations is much more important:

[Begin recording] [Guerrero] Does the Colombian Government view those remarks as a mechanism to exert

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pressure to have the DAS director or the interior minister replaced?

[Samper] Everything the government has done in the struggle against drug trafficking has been carried out based on its own convictions and not under pressure. The government is convinced drug trafficking is a serious problem, a problem of national security. We will continue with our actions not because there is any kind of pressure but because we are deeply convinced we are doing the right thing. [end recording]

The Colombian Government has also expressed its confidence that relations with the United States will be strengthened even more after Foreign Minister Rodrigo Pardo's visit to that country.

Minister: Troops Sent to Border With Venezuela

PA0111015095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Oct 95

[Report by Jorge Alfredo Vargas and Alejandra Balcazar from the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] [Vargas] The situation with Venezuela does not seem to be improving. On the contrary, Foreign Minister Rodrigo Pardo admitted today that troops have been sent to the border, even though he said that this was not a result of the latest incident with the neighboring country.

[Balcazar] Colombian Foreign Minister Rodrigo Pardo reported today that, upon the request of the Venezuelan Government, Colombia has decided to strengthen its military presence along the border. Pardo said that Colombian troops were mobilized to the Perija mountain range as soon as the incidents occurred at El Avion hill on 8 October. Asked if Colombia should change its tone in its relations with Venezuela, the foreign minister answered:

[Pardo] "Strength is not in the tone, it is in the actions. We have increased the number of military troops along the border area. This is something that even Venezuela requested. We are prepared to continue working on this, and the public expects the solution of these problems, the establishment of responsibility, and the continuation and fulfillment of Colombia's foreign policy — the respect for international law — so that we may peacefully coexist in all aspects of our relations."

[Balcazar] Foreign Minister Pardo, who begins an unofficial visit to the United States this afternoon, will try to convince the authorities of that country to commercially certify Colombia.

General Rejects Claim of Scant Border Security

PA3110121395 Mexico City NOTIMEX in Spanish 2025 GMT 30 Oct 95

[FBIS Translated Text] Santa Fe de Bogota, 30 Oct (NOTIMEX) — Colombian military forces today rejected the claims of Venezuelan President Rafael Caldera, who yesterday accused the Colombian State of providing insufficient security at the binational border.

"The presence is constant and vigilance is permanent," declared General Norberto Adrada, commander of the First Division of the Army of Colombia, upon defending the mission fulfilled by the troops under his command at the Colombia-Venezuela border.

Caldera termed "unacceptable that the Colombian State is not present in those areas where Venezuelans are the object of aggression," in reference to the warning by his counterpart Ernesto Samper of not allowing the entry of foreign soldiers into Colombia.

Venezuelan National Guard members on 8 and 9 October entered the Colombian town of Manaure, in the northern part of the country, where they arrested six peasants under the accusation of growing coca leaf and poppy.

The body of one of the peasants, who was listed as missing, was found tortured and mutilated, two weeks after a Venezuelan incursion into Colombian territory, government officials reported.

In statements to the press, Abdon Vivas, Venezuelan ambassador to Colombia, stated that as of this Monday no conclusive evidence has been presented to his government linking the National Guard to the death of the farmer.

Ambassador Vivas added that it has been confirmed the peasants arrested by Venezuelan soldiers were engaged in the cultivation of poppy, a flower from which the raw material for the production of opium is obtained.

Venezuela has reported the permanent harassment of guerrillas and drug traffickers on the Colombian border and demanded that its neighbor implement effective measures to prevent new attacks which may jeopardize relations between the two countries.

Last February, Colombian rebels attacked a Venezuelan river outpost and killed eight marines from the neighboring country. The government of Caracas reacted strongly and asked Bogota to beef up security in the area.

Adrada rejected the assertion that vigilance is insufficient on the border line and recalled that four Army

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battalions have been dispatched to the border of over 2,000 km to preserve public order.

Ecuador

President Adopts Emergency Measures in Energy Field

PY3010220595 Quito Voz de Los Andes in Spanish 1700 GMT 30 Oct 95

[FBIS Translated Text] President Sixto Duran-Ballen has implemented emergency measures to solve the current energy crisis in view of threats by industrialists to adopt strong measures of protest to force a solution to the problem.

A communique issued by the presidency states that Duran-Ballen has assessed the implementation of emergency measures and ordered the implementation of plans to increase thermally generated power.

Among the emergency measures are: the inauguration of three gas-operated turbines, which will arrive in Ecuador on 25 November, and the construction of the necessary infrastructure for this equipment.

The three turbines will allegedly begin to generate 15 megawatts by the third week of November.

The Ecuadoran people are annoyed by the government's extreme slowness in solving the energy problem. Because of power shortages clocks were put forward to take advantage of daylight three years ago. Although all this time has elapsed, the problem is still unsolved, what is more, it has become worse.

There is a morbid inclination to discredit Inecel [Ecuadoran Electrification Institute] and thus, through a no-less morbid decision, privatize the organization. This unhealthy government attitude means Ecuador has to live by lamps and candles just five years from the start of a new century. The Ecuadoran people find this attitude shameful and degrading. While it is being said the problem will be solved immediately, experts are saying it will continue until next March or April.

Foreign Minister Views Participation in Recent Summits

PY0111021895 Quito Voz de Los Andes in Spanish 2300 GMT 31 Oct 95

[FBIS Translated Text] Returning to the country after visiting Argentina where he represented the president of the Republic at the Ibero-American summit, and then at the summit of nonaligned countries held in Cartagena de Indias, Colombia, and after attending the 50th anniversary of the United Nations in New York, Ecuadoran Foreign Minister Galo Leoro Franco reported on subjects he discussed during those meetings. But he especially stressed the meeting he held with his Peruvian counterpart to discuss bilateral relations between their two countries.

[Begin Leoro recording] I could say that bilaterally I had a very broad meeting with the Peruvian foreign minister to analyze the pacification process which has increasingly been yielding better fruits in the sense of normalizing relations between Ecuador and Peru, and to facilitate a new exchange that could seek two things at this moment: First, to facilitate the visit of the Ecuadoran foreign minister to Peru to seek future procedures in negotiations provided for in Article 6 of the Itamaraty Declaration; and second, to pave the way for a second visit I intend to make by mid-January to meet my Peruvian counterpart. This visit will be made in compliance with the invitation extended to me by the Peruvian foreign minister. These points are obviously open for the continuous talks I intend to hold during the next conference in Lima. This meeting will be held within the framework of the meeting of foreign ministers of the Amazon Pact that will be held on 5 and 6 December. I believe I must be present at a conference of this nature, and surely we will have a new opportunity to keep talking about these subjects with the Peruvian foreign minister, but outside the Amazon Pact meetings.

Concerning the meeting in Cartagena de Indias of the nonaligned group, in which I also participated representing the president of the Republic, and which was held from 18 to 19 October, I want to tell you that this was a forum in which the nonaligned countries are considered countries of the Third World, developing countries which have been acting within a policy of independence from the East-West blocs in which the world has been divided. [end recording]

The Ecuadoran foreign minister said that at the summit of nonaligned countries held a few days ago in Colombia, dialogue and cooperation for development among countries of the south were the main points of discussion. He said that dialogue must be south-south, and that the ideas obtained from these summits must be put into practice with greater success.

Paraguay

President Addresses Kansas University Faculty, Students

PY0111021695 Asuncion ABC COLOR in Spanish 29 Oct 95 p 5

[FBIS Translated Text] President Juan Carlos Wasmosy yesterday told University of Kansas faculty and students that the time of arbitrariness and impunity is something

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of the past in Paraguay. He stressed that the country is fighting corruption and is making progress toward a general cleanup of the public administration. The Paraguayan president did not lose the opportunity to say that his administration has a clear and firm policy to fight drug trafficking and money laundering and confirmed his will to fight the shadowy drug business.

Wasmosy started his speech by stressing the importance of Kansas University for the education and professional training of numerous Paraguayan students through the years. The president reiterated his administration's interest in continuing and increasing this university cooperation.

Wasmosy said that his administration is fighting corruption and making progress in the total cleanup of the public administration. "We have a clear policy against drug trafficking and money laundering," the president said at the time of ratifying his will to fight the shadowy drug business.

Wasmosy explained that his administration has the great responsibility of provoking not only a great leap forward in social and economic development, but also of consolidating the democratic process.

The president said that Paraguayans face the challenge of making a leap forward toward material progress and a definitive leap forward toward freedom under the law.

Wasmosy said that we are making progress in both directions, adding that Paraguay today is quite different from the Paraguay of the past. "Changes toward modernity and democratic institutionalization are implemented rapidly and firmly," Wasmosy said, stressing the succession of free elections in the country since the overthrow of the Alfredo Stroessner dictatorship.

The president said that Paraguayans live in full democracy and under a constitutional system, adding that the republican political system is fully in effect. "Institutions operate according to the law and with autonomy. We have political pluralism and the opposition participates in the power structure heading the Senate and the Chamber of Deputies," Wasmosy said.

Arbitrariness and impunity were overcome, the president said.

Further in his speech to Kansas University students, Wasmosy said that the country is evolving toward an effective state of law through the renewal of the judicial branch and the full implementation of the Constitution and the law. The president said that one of the more important achievements of his administration is the juridical security achieved through the respect for the law.

Wasmosy, however, did not mention the cases of corruption in the judicial branch and the slowness to resolve legal cases. He did not mention the case of General Ramon Rosa Rodriguez, former National Antinarcotics Secretariat executive secretary, which has still not been solved a year after it occurred.

The president said "we have overcome the time of impunity and arbitrariness in the country."

Wasmosy stressed that the country fully enjoys freedom of the press and expression as well as the benefit of a free market and guarantees for private initiatives.

Wasmosy also talked about the country's economic situation. He stressed our country's economic growth of around 4 percent per year. "Our international reserves have increased sharply. Inflation dropped and is under control and we have foreign exchange stability. We favor saving and national and foreign investments," Wasmosy said.

Yesterday Wasmosy had breakfast with members of the Paraguay- Kansas Committee and had lunch at Kansas State University, where he received an honorary medal. Later he watched a football game between the state universities.

Today, Wasmosy will meet with George Bush.

President Wasmosy has scheduled a meeting (1900) with former U.S. President George Bush tonight. He will travel to Texas, where the former president lives, for the meeting.

Tomorrow Wasmosy will meet with Texan entrepreneurs and will visit a ranch. He will then travel to Boston, Massachusetts.

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